2001 DRAFTING REQUEST

Senate Amendment (SA-SB55)

Received: 06/07/2001				Received By: jkreye				
Wanted: As time permits					Identical to LRB:			
For: Legislative Fiscal Bureau This file may be shown to any legislator: NO					By/Representing: Larson Drafter: jkreye			
May Co	ontact:				Addl. Drafters:			
Subject: Tax - sales				Extra Copies:				
Submit	via email: NO	,		·				
Request	er's email:	-						
Pre To	pic:							
LFB:	Larson -							
Topic:								
Motion	1643, Paper 11	1, alt. 1: service	es to tangible	personal pro	pperty			
Instruc	tions:							
See Atta	ached							
Draftin	g History:				· · · · · · · · · · · · · · · · · · ·			
Vers.	Drafted	Reviewed	Typed	Proofed	<u>Submitted</u>	<u>Jacketed</u>	Required	
/1	jkreye 06/08/2001 jkreye 06/09/2001	gilfokm 06/08/2001 gilfokm 06/09/2001	rschluet 06/08/200	1	lrb_docadmin 06/08/2001			
/2			rschluet 06/09/2001	1	lrb_docadmin 06/10/2001			

06/10/2001 09:52:51 AM Page 2

FE Sent For:

<END>

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May Contact:				Addl. Drafters:		
Subject: Tax - sales				Extra Copies:		
Submit via email: N	10					
Requester's email:						
Pre Topic:						
LFB:Larson -						
Topic:						
Motion 1643, Paper	111, alt. 1: service	es to tangible	personal pro	perty		
Instructions:						
See Attached						
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Drafting History:						
Vers. Drafted	Reviewed	Typed	Proofed	<u>Submitted</u>	<u>Jacketed</u>	Required
/1 jkreye 06/08/20		rschluet 06/08/200	01	lrb_docadmin 06/08/2001		•
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LFB:Larson -	
Topic: Motion 1643, Paper 111, alt. 1: services to tangible person	al property
Instructions:	
See Attached	· · ·
Drafting History:	
Vers. Drafted Reviewed Typed Proof	fed Submitted Jacketed Required

FE Sent For:

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DIVISION ANALYSIS OF LEGISLATION

Division: Income, Sales and Excise Tax

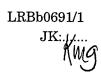
email completed copies to: Sherrie Gates-Hendrix (Sec Office) Mary Jo Weber (Sec Office) Debbie Schneider (R&A)

		<u> </u>				
	Division Use:					
Assigned to: Mike Hinnendael		Date: February 19, 2001	Due Date: February 26, 2001			
Prepared by: Mike Hinnendael Reviewed by: Bob Stellick and Clay Seth		Date: February 26, 2001 Revised April 6, 2001	(analysis should generally be pre- pared within 1 week of assignment			
		Date: April 6, 2001				
1.	Bill and/or LRB Number: LRB-0540 purposes	/1; The repair of tangible persor	nal property for sales and use tax			
2. 3.	Type of Taxes Affected: Sales and use tax					
4.	Description of the Bill: Under this bill, repair and service to items of tangible personal property are taxable, regardless of whether installing or applying the tangible personal property is an addition or improvement to real property. Under the bill, items that remain tangible personal property, regardless of the extent to which those items are attached to real property, include equipment in offices, business facilities, schools and hospitals.					
5.	Statutory language problems, if any: <u>x</u> Yes <u>No</u>					
	1. It is not clear whether installations of tangible personal property are taxable under the bill. If all installations are taxable, it creates the unintended side effect of imposing tax on installations of tangible personal property that become a part of real property when installed. For example, an individual buys a furnace and hires a contractor to install the furnace. The service of installing the furnace may be taxable under the bill.					
	2. If all installations of tangible personal property are taxable under the bill, there may be a conflict with sec. 77.51(4)(c)4, Wis. Stats. (1999-00), for transactions including both the sale and the installation of tangible personal property.					
	Suggested changes to LRB-0540/1:					
	 To make it even clearer, I would suggest that the first sentence of the third paragraph of the Analysis be changed to read something like: "Under this bill, the service of installing or applying tangible personal property to those items listed in s. 77.52(2)(a)10. which are deemed to retain their character as tangible personal property is subject to the sales or the use tax, regardless However, the tax imposed by this subsection does not apply to the original installation or complete replacement of those items listed in sec. 77.52(2)(a)10. which constitute a real property construction activity as defined in s. 77.51(2)." Restore text on page 2, lines 2 through 4. Add to the end of sec. 77.52(2)(a)10, on page 3, line 15, after "veterinarians.": 					
	"The tax imposed by this subsection appainting, coating, towing, inspection o whether the installation or application improvement of real property; but not listed in this paragraph if such installat activity as defined in s. 77.51(2)."	r maintenance of items listed in of tangible personal property co to the original installation or cor	this paragraph, regardless of nstitutes an addition or capital mplete replacement of an item			
5.	Effective date problems, if any, inclu	ding transitional problems:	Yesx No			

(If yes, describe problem and suggested effective date or transitional language needed.)



State of Misconsin 2001 - 2002 LEGISLATURE

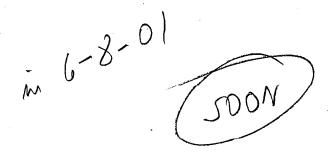


LFB:.....Larson – Motion 1643, Paper 111, alt. 1: services to tangible personal property

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144



At the locations indicated, amend the bill as follows:

1. Page 999, line 13: after "veterinarians." insert "The tax imposed under this subsection applies to the repair, service, alteration, fitting, cleaning, painting, coating, towing, inspection, or maintenance of items listed in this subdivision, regardless of whether the installation or application of tangible personal property related to the items is an addition to or a capital improvement of real property, except that the tax imposed under this subsection does not apply to the original installation or the complete replacement of an item listed in this subdivision, if such installation or replacement is a real property construction activity under s. 77.51 (2)."

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State of Misconsin 2001 - 2002 LEGISLATURE

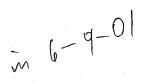


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2001–2002 DRAFTING INSERT FROM THE LEGISLATIVE REFERENCE BUREAU

INSERT A

1. Page 998, line 4: delete the material beginning with "Except" and ending with "The" on line 6 and substitute "Except for installing or applying tangible personal property which, when installed or applied, will constitute an addition or capital improvement of real property, the".

the D

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRBb0691/1dn JK:kmg:rs

June 9, 2001

Drew Larson:

As instructed, I restored the stricken text in s. 77.52 (2) (a) 10. However, I still think the language contradicts, somewhat, the language I added to the end of s. 77.52 (2) (a) 10.

Joseph T. Kreye Legislative Attorney Phone: (608) 266–2263

E-mail: joseph.kreye@legis.state.wi.us

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRBb0691/2dn JK:kmg:cmh

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LFB:.....Larson – Motion 1643, Paper 111, alt. 1: services to tangible personal property

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION LFB AMENDMENT

TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144

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- or the complete replacement of an item listed in this subdivision, if such installation
 or replacement is a real property construction activity under s. 77.51 (2).".
- 3 (END)